



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 4

ATLANTA FEDERAL CENTER
61 FORSYTH STREET
ATLANTA, GEORGIA 30303-8960



CERTIFIED MAIL 7013 2630 0000 0292 3675
RETURN RECEIPT REQUESTED

Mannon L. Walters
F. E. Moran Oil Co.
6015 Heckel Road
Evansville, Indiana 47711

Re: Notice of Violation of the Safe Drinking Water Act and Notice of Opportunity to Show Cause

Dear Mr. Walters:

The U. S. Environmental Protection Agency, Region 4 has performed field inspections and conducted file reviews of the Underground Injection Control (UIC) Program records for the injection wells which F. E. Moran Oil Co. (F. E. Moran Oil) owns or operates. Each of these wells constitutes a "facility" as that term is defined in 40 C.F.R. § 144.3 and is subject to the requirements of the Safe Drinking Water Act (SDWA) and the UIC regulations. Based on the information in the program records and from the field inspections, the EPA has found that F. E. Moran Oil is in violation of the SDWA 42 U.S.C. § 300f, et seq. and UIC regulations as set forth below.

The SDWA 42 U.S.C. § 300f, et seq. and 40 C.F.R. § 144.51(a) require the permittee, of a permitted UIC well, to comply with all conditions of the permit. Part II, Section F, Paragraph 3, of the UIC permit, requires the permittee after a cessation of injection for 2 years to close, plug and abandon the well. Therefore, F. E. Moran Oil is in violation of the UIC permit and the SDWA, for failure to comply with the permit condition to close, plug and abandon the following inactive wells, as shown below.

| <u>Permit No.</u> | <u>EPA ID No.</u> | <u>Well</u> | <u>Status</u> | <u>Last MIT</u> |
|-------------------|-------------------|------------------------------|---------------|-----------------|
| KYA0549 | KYS0590118 | J. C. Ellis Estate-Ewing #4 | Inactive | 1/07/09 |
| KYA0549 | KYS0590147 | White #7 | Inactive | 5/29/08 Failed |
| KYA0549 | KYS0590148 | White #10 | Inactive | 2/09/00 |
| KYA0549 | KYS0590149 | White #10 | Inactive | 1/07/09 |
| KYA0549 | KYS0590153 | Ewing #1 | Inactive | 1/07/09 |
| KYA0549 | KYS0590154 | Ewing #2 | Inactive | 7/29/99 |
| KYA0549 | KYS0590155 | Ewing #3 | Inactive | 2/10/93 |
| KYA0549 | KYS0590156 | Ewing #6 | Inactive | 5/29/08 |
| KYA0549 | KYS0590304 | J. C. Ellis Estate-Ewing #11 | Inactive | 4/14/92 |

Part I, Section C, Paragraph 2, of the UIC permit, requires the permittee to weekly monitor the injection and annulus pressures at the wellhead, the flow rate and to monthly monitor the cumulative volume of

the injected fluid. Part I, Section D, Paragraph 2, contains the requirement to submit the results of all monitoring to the EPA by January 31 of the subsequent year. The EPA's records indicate that F. E. Moran Oil is in violation of 40 C.F.R. § 144.51(a), the UIC permit, and the SDWA for failure to submit annual monitoring reports, as shown below.

| <u>Permit No.</u> | <u>EPA ID No.</u> | <u>Well</u> | <u>Status</u> | <u>Last Monitoring Reports</u> |
|-------------------|-------------------|------------------------------|---------------|--------------------------------|
| KYA0549 | KYS0590118 | J. C. Ellis Estate-Ewing #4 | Inactive | None |
| KYA0549 | KYS0590147 | White #7 | Inactive | None |
| KYA0549 | KYS0590148 | White #10 | Inactive | None |
| KYA0549 | KYS0590149 | White #10 | Inactive | None |
| KYA0549 | KYS0590153 | Ewing #1 | Inactive | None |
| KYA0549 | KYS0590154 | Ewing #2 | Inactive | None |
| KYA0549 | KYS0590155 | Ewing #3 | Inactive | None |
| KYA0549 | KYS0590156 | Ewing #6 | Inactive | None |
| KYA0549 | KYS0590304 | J. C. Ellis Estate-Ewing #11 | Inactive | None |

The SDWA 42 U.S.C. § 300f, *et seq.* and 40 C.F.R. § 144.28(a) require the owner or operator of a rule-authorized injection well to comply with all applicable statutory and regulatory requirements. The regulation at 40 C.F.R. § 144.28(c)(2)(iv), states that after a cessation of injection for 2 years, the owner or operator of a rule-authorized underground injection well shall close, plug and abandon the well. The information contained in the EPA's records, indicates F. E. Moran Oil is in violation of 40 C.F.R. § 144.28(c)(2)(iv) and the SDWA for failure to close, plug and abandon the inactive wells, as shown below.

| <u>EPA ID No.</u> | <u>Well</u> | <u>Status</u> | <u>Last MIT</u> |
|-------------------|-------------|---------------|-----------------|
| KYS0590044 | Stuart #3 | Inactive | 8/17/94 |
| KYS0590146 | White #1 | Inactive | 1/7/09 Failed |
| KYS0590150 | White #15 | Inactive | 8/03/92 |
| KYS0590151 | White #16 | Inactive | 7/28/99 |
| KYS0590152 | White #17 | Inactive | 8/18/92 |

The regulation at 40 C.F.R. § 144.28(g)(2)(ii)(B) states that the owner or operator of a rule-authorized injection well is required to monitor the injection pressure, flow rate and cumulative volume of the injected fluid on a monthly basis for enhanced recovery operations. 40 C.F.R. § 144.28(h)(2)(i) contains the requirement to submit all monitoring results required by paragraph (g)(2) to the EPA annually. The information contained in the EPA's records, indicates F. E. Moran Oil is in violation of 40 C.F.R. § 144.28(h)(2)(i) and the SDWA for failure to submit monitoring results, as shown below.

| <u>EPA ID No.</u> | <u>Well</u> | <u>Status</u> | <u>Last Monitoring Reports</u> |
|-------------------|-------------|---------------|--------------------------------|
| KYS0590044 | Stuart #3 | Inactive | None |
| KYS0590146 | White #1 | Inactive | None |
| KYS0590150 | White #15 | Inactive | None |
| KYS0590151 | White #16 | Inactive | None |
| KYS0590152 | White #17 | Inactive | None |

These violations may subject F. E. Moran Oil to enforcement action pursuant to Section 1423 of the SDWA 42 U.S.C. § 300h-2 et seq. This section provides for the issuance of administrative penalty and compliance orders and/or the initiation of civil and/or criminal actions. Therefore, within seven days of your receipt of this Notice of Violation, F. E. Moran Oil or a representative of F. E. Moran Oil must contact this office to arrange a meeting to show cause why the EPA should not initiate legal proceedings. In lieu of appearing in the EPA's offices for this meeting, a telephone conference may be scheduled. F. E. Moran Oil should be prepared to provide all relevant information with documentation pertaining to the above violations. The EPA's legal counsel may be present at this meeting. F. E. Moran Oil also has the right to have legal counsel present.

To arrange this meeting or to arrange for a telephone conference, please contact Ms. Carol Chen, UIC Enforcement, at (404) 562-9415. If you fail to attend the scheduled meeting/telephone conference or to contact Ms. Chen prior to the meeting/conference date, the EPA may pursue other enforcement options against F. E. Moran Oil without further notice. Any legal inquiries should be directed to Wilda Cobb, Associate Regional Counsel, at (404) 562-9530.

Enclosed is a document entitled *U.S. EPA Small Business Resources-Information Sheet* for use and to assist F. E. Moran Oil in understanding the compliance assistance resources and tools available. However, any decision to seek compliance assistance at this time does not relieve F. E. Moran Oil of its obligation to the EPA, does not create any new rights or defenses and will not affect the EPA's decision to pursue enforcement action. In addition, the Securities and Exchange Commission (SEC) requires its registrants to periodically disclose environmental legal proceedings in statements filed with the SEC. To assist F. E. Moran Oil, the EPA has also enclosed a document entitled *Notice of Securities and Exchange Commission Registrants' Duty to Disclose Environmental Legal Proceedings*.

Sincerely,



James D. Giattina
Director
Water Protection Division

Enclosures

C.Chen/cgc:4WPD-GDWPB:404-562-9415/4-28-16/GDWPB/SDWB/Ground Water
and.SDWB/UIC/UIC ENFORCEMENT/Chen/F.E.MoranOilNOV.doc

CONCURRENCES

4WPD- GDWPB

CHEN

5-13-16

4OWLS

COBB

5/18/16

4WPD- GDWPB

SMITH

BTJ 5/18/16

4WPD- GDWPB

PROOFED

AS 5/20

4WPD- GDWPB

for ALLENBACH

BJJ 5/20/16

4WPD

PROOFED

Am 5/20

4WPD

GIATTINA

4WPD- GDWPB

CHEN

*8-
5-21-16*

GWDPB/GW&UIC Section- NOV

Date: 5/12/16

ROUTING AND TRANSMITTAL SLIP

| | | | |
|---|--|----------|---------|
| TO: (Name, office symbol, room number, building, Agency/Post) | | Initials | Date |
| 1. Carol Chen | | gc | 5.13.16 |
| 2. Cobb (OWLS) | | llc | 5/13/16 |
| 3. Smith, GW&UIC Section | | BTJ | 5/16/16 |
| 4. Proofed | | As | 5/20 |
| 5. Allenbach, GWDPB | | BJS | 5/20/16 |
| 6. Proofed | | pm | 5/20 |
| 7. Division Director | | mm | 5/26 |
| 8. UIC Enforcement: Carol Chen (mail) | | gc | 5.31.16 |

| | | | | | |
|---|--------------|--|----------------------|---|------------------|
| | Action | | File | | Note and Return |
| X | Approval | | For Clearance | | Per Conversation |
| | As Requested | | For Correction | | Prepare Reply |
| | Circulate | | For Your Information | | See Me |
| | Comment | | Investigate | X | Signature |
| | Coordination | | Justify | | |

| | | |
|--|--|-----------------|
| From: (Name, org. symbol, Agency/Post) | | Room No.—Bldg. |
| Carol Chen | | Phone No. 29415 |

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions.

REMARKS: Notice of Violation to F. E. Moran Oil Co. for permit and rule violations

Electronic Version Saved on: G:/GWDPB/SDWB/Ground Water &.../UIC/UIC-Enf/Chen/F.E.MoranOilNOV.doc



U.S. EPA Small Business Resources Information Sheet

The United States Environmental Protection Agency provides an array of resources to help small businesses understand and comply with federal and state environmental laws. In addition to helping small businesses understand their environmental obligations and improve compliance, these resources will also help such businesses find cost-effective ways to comply through pollution prevention techniques and innovative technologies.

Small Business Programs

www.epa.gov/smallbusiness
EPA's Office of Small Business Programs (OSBP) advocates and fosters opportunities for direct and indirect partnerships, contracts, and sub-agreements for small businesses and socio-economically disadvantaged businesses.

EPA's Asbestos Small Business Ombudsman

www.epa.gov/sbo or 1-800-368-5888
The EPA Asbestos and Small Business Ombudsman (ASBO) serves as a conduit for small businesses to access EPA and facilitates communications between the small business community and the Agency.

EPA's Compliance Assistance Homepage

www2.epa.gov/compliance
This page is a gateway industry and statute-specific environmental resources, from extensive web-based information to hotlines and compliance assistance specialists.

EPA's Compliance Assistance Centers

www.assistancecenters.net
EPA's Compliance Assistance Centers provide information targeted to industries with many small businesses. They were developed in partnership with industry, universities and other federal and state agencies.

Agriculture

www.epa.gov/agriculture/

Automotive Recycling

www.ecarcenter.org

Automotive Service and Repair
ccar-greenlink.org/ or 1-888-GRN-LINK

Chemical Manufacturing
www.chemalliance.org

Construction
www.cicacenter.org or 1-734-995-4911

Education
www.campuserc.org

Food Processing
www.fpeac.org

Healthcare
www.hercenter.org

Local Government
www.lgean.org

Metal Finishing
www.nmfrf.org

Paints and Coatings
www.paintcenter.org

Printing
www.pneac.org

Ports
www.portcompliance.org

Transportation
www.tercenter.org

U.S. Border Compliance and Import/Export Issues
www.bordercenter.org

EPA Hotlines, Helplines and Clearinghouses
www2.epa.gov/home/epa-hotlines

EPA sponsors many free hotlines and clearinghouses that provide convenient assistance regarding environmental requirements. Some examples are:

Clean Air Technology Center (CATC) Info-line
www.epa.gov/ttn/catc or 1-919-541-0800

Superfund, TRI, EPCRA, RMP and Oil Information Center
www.epa.gov/superfund/contacts/infocenter/index.htm or 1-800-424-9346

EPA Imported Vehicles and Engines Public Helpline
www.epa.gov/otaq/imports or 734-214-4100

National Pesticide Information Center
www.npic.orst.edu/ or 1-800-858-7378

National Response Center Hotline to report oil and hazardous substance spills - www.nrc.uscg.mil or 1-800-424-8802

Pollution Prevention Information Clearinghouse (PPIC) - www.epa.gov/opptintr/ppic or 1-202-566-0799

Safe Drinking Water Hotline - www.epa.gov/drink/hotline/index.cfm or 1-800-426-4791

Stratospheric Ozone Protection Hotline

www.epa.gov/ozone/comments.htm or 1-800-296-1996

Toxic Substances Control Act (TSCA) Hotline

tsc hotline@epa.gov or 1-202-554-1404

Small Entity Compliance Guides

<http://www.epa.gov/sbrefa/compliance-guides.html>

EPA publishes a Small Entity Compliance Guide (SECG) for every rule for which the Agency has prepared a final regulatory flexibility analysis, in accordance with Section 604 of the Regulatory Flexibility Act (RFA).

Regional Small Business Liaisons

<http://www.epa.gov/sbo/rsbl.htm>

The U.S. Environmental Protection Agency (EPA) Regional Small Business Liaison (RSBL) is the primary regional contact and often the expert on small business assistance, advocacy, and outreach. The RSBL is the regional voice for the EPA Asbestos and Small Business Ombudsman (ASBO).

State Resource Locators

www.envcap.org/statetools

The Locators provide state-specific contacts, regulations and resources covering the major environmental laws.

State Small Business Environmental Assistance Programs (SBEAPs)

www.epa.gov/sbo/507program.htm

State SBEAPs help small businesses and assistance providers understand environmental requirements and sustainable business practices through workshops, trainings and site visits.

EPA's Tribal Portal

www.epa.gov/tribalportal/

The Portal provides access to information on environmental issues, laws, and resources related to federally recognized tribes.

EPA Compliance Incentives

EPA provides incentives for environmental compliance. By participating in compliance assistance programs or voluntarily disclosing and promptly correcting violations before an enforcement action has been initiated, businesses may be eligible for penalty waivers or reductions. EPA has two such policies that may apply to small businesses:

EPA's Small Business Compliance Policy

www2.epa.gov/enforcement/small-businesses-and-enforcement

This Policy offers small businesses special incentives to come into compliance voluntarily.

EPA's Audit Policy

www2.epa.gov/compliance/epas-audit-policy

The Policy provides incentives to all businesses that voluntarily discover, promptly disclose and expeditiously correct their noncompliance.

Commenting on Federal Enforcement Actions and Compliance Activities

The Small Business Regulatory Enforcement Fairness Act (SBREFA) established a SBREFA Ombudsman and 10 Regional Fairness Boards to receive comments from small businesses about federal agency enforcement actions. If you believe that you fall within the Small Business Administration's definition of a small business (based on your North American Industry Classification System designation, number of employees, annual receipts, as defined at 13 C.F.R. 121.201; in most cases this means a business with 500 or fewer employees), and wish to comment on federal enforcement and compliance activities, call the SBREFA Ombudsman's toll-free number at 1-888-REG-FAIR (1-888-734-3247).

Every small business that is the subject of an enforcement compliance action is entitled to comment on the Agency's action without fear of retaliation. EPA employees are prohibited from using enforcement or any other means of retaliation against any member of the regulated community in response to comments made under SBREFA.

Your Duty to Comply

If you receive compliance assistance or submit a comment to the SBREFA Ombudsman or Regional Fairness Board, you still have the duty to comply with the law, including providing timely responses to EPA information requests, administrative or civil complaints, other enforcement actions, or communications. The assistance information and comment processes do not give you any new rights or defenses in any enforcement action. These processes also do not affect EPA's obligation to protect public health or the environment under any of the environmental statutes it enforces, including the right to take emergency remedial or emergency response actions when appropriate. Those decisions will be based on the facts in each situation. The SBREFA Ombudsman and Fairness Boards do not participate in resolving EPA's enforcement actions. Also remember that to preserve your rights, you need to comply with all rules governing the enforcement process.

EPA is disseminating this information to you without making a determination that your business or organization is a small business as defined by Section 222 of the Small Business Regulatory Enforcement Fairness Act or related provisions

[Code of Federal Regulations]
[Title 17, Volume 2, Parts 200 to 239]
[Revised as of April 1, 1999]
From the U.S. Government Printing Office via GPO Access
[CITE: 17CFR229.103]

[Page 349]

TITLE 17--COMMODITY AND SECURITIES EXCHANGES

CHAPTER II--SECURITIES AND EXCHANGE COMMISSION

PART 229--STANDARD INSTRUCTIONS FOR FILING FORMS UNDER SECURITIES ACT OF 1933, SECURITIES EXCHANGE ACT OF 1934 AND ENERGY POLICY AND CONSERVATION ACT OF 1975-- REGULATION S-K--Table of Contents

Subpart 229.100--Business

Sec. 229.103 (Item 103) Legal proceedings.

Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the registrant or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

Instructions to Item 103:

1. If the business ordinarily results in actions for negligence or other claims, no such action or claim need be described unless it departs from the normal kind of such actions.
2. No information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 percent of the current assets of the registrant and its subsidiaries on a consolidated basis. However, if any proceeding presents in large degree the same legal and factual issues as other proceedings pending or known to be contemplated, the amount involved in such other proceedings shall be included in computing such percentage.
3. Notwithstanding Instructions 1 and 2, any material bankruptcy, receivership, or similar proceeding with respect to the registrant or any of its significant subsidiaries shall be described.
4. Any material proceedings to which any director, officer or affiliate of the registrant, any owner of record or beneficially of more than five percent of any class of voting securities of the registrant, or any associate of any such director, officer, affiliate of the registrant, or security holder is a party adverse to the registrant or any of its subsidiaries or has a material interest adverse to the registrant or any of its subsidiaries also shall be described.
5. Notwithstanding the foregoing, an administrative or judicial proceeding (including, for purposes of A and B of this Instruction, proceedings which present in large degree the same issues) arising under any Federal, State or local provisions that have been enacted or adopted regulating the discharge of materials into the environment or primary for the purpose of protecting the environment shall not be deemed "ordinary routine litigation incidental to the business" and shall be described if:
 - A. Such proceeding is material to the business or financial condition of the registrant;
 - B. Such proceeding involves primarily a claim for damages, or involves potential monetary sanctions, capital expenditures, deferred charges or charges to income and the amount involved, exclusive of interest and costs, exceeds 10 percent of the current assets of the registrant and its subsidiaries on a consolidated basis; or
 - C. A governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the registrant reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000; provided, however, that such proceedings which are similar in nature may be grouped and described generically.

**NOTICE OF SECURITIES AND EXCHANGE COMMISSION REGISTRANTS' DUTY TO DISCLOSE
ENVIRONMENTAL LEGAL PROCEEDINGS**

Securities and Exchange Commission regulations require companies registered with the SEC (e.g., publicly traded companies) to disclose, on at least a quarterly basis, the existence of certain administrative or judicial proceedings taken against them arising under Federal, State or local provisions that have the primary purpose of protecting the environment. Instruction 5 to Item 103 of the SEC's Regulation S-K (17 CFR 229.103) requires disclosure of these environmental legal proceedings. For those SEC registrants that use the SEC's "small business issuer" reporting system, Instructions 1-4 to Item 103 of the SEC's Regulation S-B (17 CFR 228.103) requires disclosure of these environmental legal proceedings.

If you are an SEC registrant, you have a duty to disclose the existence of pending or known to be contemplated environmental legal proceedings that meet any of the following criteria (17 CFR 229.103(5)(A)-(C)):

- A. Such proceeding is material to the business or financial condition of the registrant;
- B. Such proceeding involves primarily a claim for damages, or involves potential monetary sanctions, capital expenditures, deferred charges or charges to income and the amount involved, exclusive of interest and costs, exceeds 10 percent of the current assets of the registrant and its subsidiaries on a consolidated basis; or
- C. A governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the registrant reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than \$100,000; provided, however, that such proceedings which are similar in nature may be grouped and described generically.

Specific information regarding the environmental legal proceedings that must be disclosed is set forth in Item 103 of Regulation S-K or, for registrants using the "small business issuer" reporting system, Item 103(a)-(b) of Regulation S-B. If disclosure is required, it must briefly describe the proceeding, "including the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceedings and the relief sought."

You have been identified as a party to an environmental legal proceeding to which the United States government is, or was, a party. If you are an SEC registrant, this environmental legal proceeding may trigger, or may already have triggered, the disclosure obligation under the SEC regulations described above.

This notice is being provided to inform you of SEC registrants' duty to disclose any relevant environmental legal proceedings to the SEC. This notice does not create, modify or interpret any existing legal obligations, it is not intended to be an exhaustive description of the legally applicable requirements and it is not a substitute for regulations published in the Code of Federal Regulations. This notice has been issued to you for information purposes only. No determination of the applicability of this reporting requirement to your company has been made by any governmental entity. You should seek competent counsel in determining the applicability of these and other SEC requirements to the environmental legal proceeding at issue, as well as any other proceedings known to be contemplated by governmental authorities.

If you have any questions about the SEC's environmental disclosure requirements, please contact the SEC Office of the Special Senior Counsel for Disclosure Operations at (202) 942-1888.